

**EXHIBIT C**

1 THE COURT: Yeah, the, this order does not prejudice  
2 Novell in any way. And I don't know that on this motion I  
3 should be granting Novell in effect affirmative relief.  
4 Which is what it's requesting this morning. And I'm going to  
5 enter the order as it's been presented to me.

6 MR. SPECTOR: Thank you, Your Honor.

7 THE COURT: I understand Novell's position, and  
8 certainly Novell has every right to bring whatever motion it  
9 seeks, and the Court will certainly consider that motion at  
10 the appropriate time.

11 MR. NASHELSKY: We will be back before Your Honor.

12 THE COURT: Thank you.

13 MR. NASHELSKY: With a motion.

14 THE COURT: Yes.

15 MR. SPECTOR: Your Honor, we turn to the wage  
16 motion, which is also a fairly routine issue. And this is  
17 going to be more routine than the usual one, because payroll  
18 was made the day before bankruptcy. You know, in our zeal to  
19 do a good job for our client, we drafted up the typical  
20 motion for wage order, wage order allowing us to pay the pre-  
21 petition wages and fringe benefits, and the like, but really  
22 the issue is dissipated because of the wisdom of management.  
23 So at this point, it's really reduced to a couple of issues  
24 other than that. The company has about 123 employees today.

25 THE COURT: Yes.

1           MR. SPECTOR: But that's shortly going to be  
2 shrinking in a significant amount. This company is going to  
3 have to go through a reduction in force, and we'll be doing  
4 that shortly. A motion regarding severance will be coming to  
5 this Court on another date. It's one of the papers we filed,  
6 but it's not for today.

7           THE COURT: Yes.

8           MR. SPECTOR: Our motion stated, again, and in belt  
9 and suspenders fashion that we wanted permission to pay  
10 severance for those people we were going to let go before the  
11 bankruptcy. We didn't let anybody go before the bankruptcy.  
12 So you'll see the line item for that is zero. The US Trustee  
13 has asked us to just delete any reference to that, and I  
14 believe the order we're about to hand up does exactly that.  
15 So that was a sticking point I think we've taken care of.  
16 There's another issue, and I want to compliment and applaud  
17 Mr. McMahon for raising this issue, because I've never seen  
18 it before, and I'm, I understand a lot of experienced hands  
19 haven't as well. And that deals with the, the relationship  
20 between 507(a) (4) and 507(a) (5). He's pointed out, and I  
21 think appropriately under the statute, that those are, you  
22 have to look at them together. Pre-petition wage claims for  
23 180 days, including fringe benefits are priority up to the  
24 tune of \$10,950 today, and as, (a) (4), and (a) (5) says and  
25 also retirement benefits for the employee, that's 10,950,

1 less whatever you paid as a priority under (a)(4). I don't  
2 remember ever seeing that raised, and I applaud him for  
3 raising it. And I, it's easy for me to do, because it's not  
4 a problem in this case, because we paid pre-petition wages up  
5 to the date of the filing. So there's not going to be a  
6 whole lot that's going to be covered under (a)(4). And I  
7 assure the Court that we will not be busting the cap of the  
8 two combined. I think I've covered the items that Mr.  
9 McMahan has raised, but if I'm wrong I'll let him speak to  
10 anything else.

11 THE COURT: Mr. McMahan.

12 MR. McMAHON: Your Honor, good morning again. With  
13 the understanding that there's no retention or severance  
14 authority being approved today, and also with the, with the  
15 acknowledgment that the 507(a)(4) and (a)(5) cap will apply,  
16 and I believe it's being inserted in the form of order,  
17 counsel has addressed our concerns there.

18 THE COURT: Thank you, Mr. McMahan.

19 MR. SPECTOR: Unless - -

20 THE COURT: And I understand, I understand that  
21 Novell's concerns went to this motion as well. And is that  
22 correct?

23 MR. NASHELSKY: Correct, Your Honor. It's the use  
24 of the funds. We don't have a problem with the Debtors' pre-  
25 petition wages and how they're paying.

1 THE COURT: Thank you.

2 MR. SPECTOR: And we, we agreed whatever rights they  
3 can reserve, it goes without saying, but I'll say it.

4 THE COURT: Exactly.

5 MR. SPECTOR: I'm handing up to Your Honor, with  
6 your permission, a black line and the original.

7 THE COURT: Thank you.

8 MR. SPECTOR: Finally, Your Honor, we have this  
9 unfortunate motion, which we didn't expect to have to bring,  
10 but when, sometimes things happen you don't expect. And one  
11 of, and that is we've had a rash of mid-level and lower-level  
12 accounting personnel leave. Now that's bad enough anyway,  
13 even in the, even in the throes of an intended reduction in  
14 force. It's because we have a year-end coming October 31<sup>st</sup>.  
15 This is a public company, there's quite a lot of accounting  
16 work that has to be done to prepare the proper regulatory  
17 filings and the, and the like. And so the company is at a  
18 crucial stage that it needs to get people, bodies behind the  
19 desk to do the work. So the company, well, this would  
20 normally be an ordinary course situation we wouldn't bring to  
21 Your Honor, but - - they'd just go out and hire new people.  
22 But they can't hire new people in that kind of a hurry. They  
23 have to go to an accounting - - strike that. A - -

24 THE COURT: A temporary - -

25 MR. SPECTOR: - - a temporary agency.